



SERVICES TO PROCURE MEDICAID SUPPLEMENTAL DRUG REBATES AND OTHER MEDICAID PHARMACY BENEFIT REBATES

Questions and Answers Regarding RFP

2011

General Questions

1. Can you share the name of companies present at the Bidders' Conference? It didn't seem that everyone identified themselves.

RESPONSE: According to the laws of the State of Vermont, the Bidders' Conference was a public meeting. As such, anyone could attend in person or telephonically and unless a person wished to speak, identification was not required.

To the extent that people did identify themselves, they are listed as attendees in the Bidders' Conference Summary that can be found with the RFP and its related documents here:
<http://dvha.vermont.gov/administration/2011-requests-for-proposal>.

2. Can you provide a list of companies that submitted the required "Letter of Intent" for this Request for Proposals?

RESPONSE: The State of Vermont chooses not to provide this.

3. Are companies in countries other than the United States eligible to participate in this procurement?

RESPONSE: Any company who has the knowledge, skills, and experience to solicit, negotiate, and procure Medicaid supplemental drug rebate and other Medicaid pharmacy benefit rebates bids for the states that are members of the SSDC may participate in this procurement. Certain requirements apply. See the RFP for details; specifically, Section II-E Relevant Experience and References and Section IV, Step 1, Mandatory Proposal Requirements. All proposals that meet the Mandatory Proposal Requirements will be reviewed and evaluated by the Member States of the SSDC.

4. Does the approved vendor have to be approved/certified by CMS?

RESPONSE: Approval/certification is not required at this time.

5. Section II-D (page 23), bullet one appears to disqualify any Contractor who has "Any agreement with a pharmaceutical manufacturer" However, the described SSDC approach favors agreements for "preferred" products over "non-preferred" products to garner the best discount/rebate. Is the statement in the bullet what is intended?

RESPONSE: The statement is "Any agreement with a pharmaceutical manufacturer to share manufacturer rebates and discounts with the Contractor"

The SSDC does not allow the sharing of rebates or discounts with any Contractor. The sole revenue the Contractor can get under the contract with the SSDC is from the contract. The Contractor may not negotiate any benefit for itself with drug manufacturers. The sole benefit negotiated is the rebates and then 100% of all rebates collected are paid to the States based on their Medicaid utilization. In turn, the receipts are then shared by each state with the federal Medicaid program. No portion is shared with the Contractor.

6. Section II-E Relevant Experience and References asks for business references from other than the SSDC States. Please provide examples.

RESPONSE: Section II-E intends to assure that references are obtained from entities not necessarily known to the SSDC Member States. The Member States do not need to obtain references from each other. The business references requested would include those from entities that have used the Bidder's drug and pharmacy benefit rebate services. However, that does not mean all of the exact services as listed and described in this RFP; it means services of that type. These entities include but are not limited to other state Medicaid programs and their OBRA '90 and supplemental rebates programs. Others might be Medicare's contracted insurers; public insurers other than Medicaid (for example, state/county/community programs); correctional system insurers/programs; private insurers; special programs (workmen's compensation, alcohol and substance abuse programs, specialty services; etc.); employee and union programs; etc.

7. Can a Bidder offer States other services as part of its proposal?

RESPONSE: This procurement is limited to the scope of services identified in the RFP. However, Bidders may provide information on other services that may be available should existing or future Member States wish to pursue securing these services. For details, see Other Pharmacy Benefit Management Components on page 7 of the RFP.

8. How will the SSDC score each Step in their evaluation of proposals?

RESPONSE: The SSDC will use standardized scoring instruments for each step. These instruments are built based on the contents of the RFP. Bidders should pay strict attention to

each and every item identified as required. Bidders should then assure that anywhere the RFP asks for descriptions or examples, that sufficient information is provided to make it possible for reviewers to evaluate the response in general and in comparison to the response of any other bidder.

Bidders should note the instructions found on page 15: “The format and content responses for the Programmatic/Technical and Cost Proposals must adhere to the instructions contained in this section of the RFP. Emphasis should be placed on conformance to the RFP instructions, responsiveness to requirements, and completeness and clarity of content. Bidders are encouraged to organize their response in the same order as the order found in the RFP so that reviewers can readily find the responses required. If the Bidder’s proposal is presented in a fashion that makes evaluation difficult or overly time-consuming, it is likely that points will be lost in the evaluation process. If a Bidder fails to respond to a specific requirement or if it is difficult for a reviewer to find the response to the requirement; minimally, the result may be a score of zero or a fail for the particular item and, at worst, it may be used as a basis for rejection of the proposal from further consideration.”

9. Where can a Bidder obtain an electronic copy of all details necessary regarding this procurement; for example, schedule of requirements, scope of work, terms of reference, information about the tendering procedure and guidelines, list of items, and bill of materials required?

RESPONSE: DVHA and the SSDC believe that all details necessary are contained in the RFP, any RFP related appendices and attachments, and the RFP related Questions and Answers compilation in written form. Electronic copies of all of these can be found here: <http://dvha.vermont.gov/administration/2011-requests-for-proposal>.

10. Will pharmacy claims data be released for supplemental rebate analysis purposes?

RESPONSE: On February 1, 2011 the SSDC will post a claims’ summary data file at: <http://dvha.vermont.gov/administration/2011-requests-for-proposal>. This file will be small enough for ready analysis but large enough to represent at least one Member State’s utilization. This claims data file will contain the data elements found in Section III-C. Bidders who have submitted a proposal shall be expected to submit an email to Kate Jones at Kate.Jones@ahs.state.vt.us by 4 p.m. EST on February 7, 2011. The email should indicate the estimated likely return that could be received based on the arrangements the Bidder has made for one or more of its existing customers.

11. Will a MS Word version of the RFP document be released to bidders?

RESPONSE: Bidders were notified on Friday, January 21, 2011 that a MS Word version of the RFP was posted on the DVHA 2011 RFP web page. It should be understood that a Bidder risks disqualification if it alters the language of the RFP to its advantage in its proposal.

12. Would DVAH and the SSDC consider allowing an extension to the submittal deadline?

RESPONSE: No.

Current Rebate Returns

1. How many drug manufacturers have contracts with the SSDC?

RESPONSE: Forty-four (44) manufacturers have contracts/rebate agreements with one or more of the Member States of the SSDC.

Rebate Operations

1. Will the Contractor be acting as a collection agent processing payments to states?

RESPONSE: No. Each Member State bills, collects, and processes rebate payments through its own staff or the staff of its contractor(s).

2. Will the Contractor be responsible for the pursuit of unpaid rebates?

RESPONSE: Each Member State handles disputes and pursues unpaid rebates through its own staff or the staff of its contractor(s). However, the Contractor should expect to be involved in resolution if a dispute is related to what is understood regarding the terms and conditions of a Contractor negotiated rebate.

3. Will the Contractor be delivering claims data to manufacturers?

RESPONSE: The Contractor will be expected to provide summary data as part of the rebate bid procurement process. See Section III-C. However, the Contractor will not be delivering claims data to manufacturers related to rebate billing or collections.

4. Will the Contractor be qualifying claims data for rebate by auditing each claim to determine if all data elements are present for rebate?

RESPONSE: No. The Contractor will only receive summary claims data. See Section III-C.

Administrative Questions

1. What frequency will claims data be available for compilation? Monthly? Weekly? Quarterly?

RESPONSE: Generally, the Contractor will only receive claims summary data as part of the annual rebate bid procurement process. However, in the performance of related duties, the Contractor may need updates of claims summary data at any time during the year and will negotiate mutually agreeable schedules with the states to obtain that data.

2. When will the web page source code and the content documents be made available?

RESPONSE: The web page source code and the content documents will not be made available during the procurement period. In their proposals, Bidders should describe their plans for the web page. General appearance and content currently used can be found at www.rxssdc.org. With the implementation of the contract secured as a result of this RFP, materials will be made available.

3. Will the Contractor be handling personal health information?

RESPONSE: No. The Contractor will only receive summary claims data. See Section III-C.

4. Will the Contractor be reporting expected rebate revenue by using contract data and state claim data?

RESPONSE: The Contractor will be expected to estimate rebate revenues based on rebate bids offered in the rebate bid procurement process and summary claims data. The Contractor will be expected to estimate rebate revenues when factors and/or conditions develop and impact existing rebates over the course of a Rebate Calendar Year. There may be other times in the course of other duties that a Contractor may be expected to estimate rebate revenues.

Other Work Statement Requirements

1. Section III-L requires a disaster recovery plan. Please provide a copy of the current vendor's approved disaster recovery plan.

RESPONSE: The SSDC expects each Bidder to propose its own disaster recovery plan.

2. Section III-M requires an end of contract transition plan. Please provide a copy of the current vendor's approved end of contract transition plan.

RESPONSE: The SSDC expects Bidders to propose their own end of contract transition plan.

Contract Requirements

1. How long is the retainage described in Section V-H withheld? For the initial two (2) year term of the contract? For up to the full four (4) year term of the contract?

RESPONSE: Retainage will be withheld on a contract year basis.

2. In Section V-K Penalties/Liquidated Damages for Performance Standard Failures, the RFP asks the Bidder to put at risk a percentage of its fees identified in its Price/Cost Proposal. Please expand on these instructions.

RESPONSE:

- a. The SSDC proposes that the Bidder put at risk 20% of its administrative fees in its Price/Cost Proposal. If the Bidder is unwilling to put at risk 20%, the Bidder must indicate what percentage it would be willing to risk.
 - b. The Bidder should use the chart provided in the RFP beginning on page 54. The chart lists the six collective services requested in the RFP. A proposed penalty/liquidated damage may apply across all of the six services, different ones may apply to different services, and/or different ones may apply to the specific areas listed in the services on which the SSDC is requesting guarantees. In the end, the compilation of the proposed penalty/liquidated damages must result in a risk pool equal to the percentage amount the Bidder indicated it was willing to put at risk.
 - c. The Bidder must describe the failure that would result in each penalty/liquidated damage.
 - d. The Bidder must describe the methodology for calculating each penalty/liquidated damage for each failure including the frequency when it would be applied.
3. Question: Are the fees put at risk in Section V-K Penalties/Liquidated Damages for Performance Standard Failures withheld from monthly payments? And if so, how long are they retained?

RESPONSE: The amount put at risk is not retained. Any failure to meet a guarantee set by the Contractor will result in the penalty set by the Contractor applying to the next available monthly payment(s) for that service area.

Contract Costs

1. Is there an anticipated budget or value for the contract resulting from this RFP?

No predefined amount has been set for this contract.

2. Is there a contract value available for Goold Health Systems' current contract?

The amount of Goold Health Systems' current contract from September 1, 2007 through July 31, 2011 is \$632,875. That contract has been a four year contract with an initial two year term and a two year extension. On average, then, the monthly value of this contract is \$13,185.

3. Given that pricing considerations must factor in fixed and variable expenses, would a fixed price adjusted for "members" (enrollees) be acceptable? The reason for this is that new State members for the SSDC may have significantly different volumes/support requirements than the current members (e.g., California, New York, Texas, etc. would represent a different work burden than the existing SSDC members). A fixed price per enrollee per month would control for this variable that would only apply to new SSDC Member States.

RESPONSE: No.